

Consumers Energy Company
Case No. U-13730
Commission Order Fact Sheet

1. Annual surcharge granted - \$58,124,000, apportioned to rate classes on an equal percentage of revenue basis. This surcharge is conditional on the agreement by Consumers and its parent to achieve a common equity level for Consumers of at least \$2,300 million by year-end 2005, with a plan to improve the common equity level until the target capital structure is reached. The surcharge is limited to two years.
2. Continues the rate of return on common equity – 11.4%.
3. The case does not support the finding of a classis revenue deficiency; however, Consumers has demonstrated that additional revenues should be provided for safety-related activities, pension and health care costs, gas inventory carrying costs, and to alter its skewed capital structure.
4. The rate relief granted is for the sole purpose of meeting the expenses and accomplishing the purposes described above.
5. Consumers is required to file an annual report with the Commission Staff. The report will detail Consumers' expenditures for safety-related activities, pension and health care costs, gas inventory carrying costs, a statement of retained earnings, and a common equity reconciliation.
6. Consumers will also file an excess revenue refund calculation with its annual report to the Commission Staff. If Consumers' weather-normalized earnings on its gas common equity exceed the authorized rate of return on common equity of 11.4%, Consumers will refund the excess revenues to its customers.
7. Staff will review the report for compliance with the purposes for which surcharge revenues were granted, and will submit a report to the Commission. The Commission will review Staff's report, and may issue further orders up to and including refund of the surcharge revenues if the intent or the conditions of the order have not been complied with.
8. Consumers is required to file a rate case within two years.